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SIPDIS

SENSITIVE

DEPARTMENT FOR WHA/CEN/BRIGHAM

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TAGS: [PREL](#) [PGOV](#) [ETRD](#) [PM](#) [POL](#) [CHIEF](#)

SUBJECT: PANAMA'S FOUR PRESIDENTIAL CANDIDATES MEET WHITE  
HOUSE ENVOY OTTO REICH

REF: A. 03 PANAMA 02346

[B](#). PANAMA 0145

[C](#). 03 PANAMA 02279

[D](#). PANAMA 0111

#### SUMMARY

1. (SBU) On January 22, Special Envoy Otto Reich and Ambassador Watt met with Panama's four presidential candidates -- Ricardo Martinelli, front-runner Martin Torrijos, Jose Miguel Aleman, and Guillermo Endara. The candidates explained their strategies, goals, and priorities in a series of 10-minute interviews and one general session. The candidates agreed on the need to end corruption, attract investment to create jobs, modernize the Canal, make government more honest and transparent, negotiate a Free Trade Agreement with the United States, support U.S. counter-terrorism and security initiatives, and maintain good Panama-U.S. relations. Not surprisingly, they disagreed mainly on who would win the May 2 vote. A luncheon meeting held earlier in the day for GOP officials and NGO/private sector representatives produced complementary themes, focusing on Panama's need for a modern, professional civil service and on the Canal Administrator's suggestion that the government of Panama increase transparency in government procurement by adopting the "bid by internet" system of the Panama Canal Authority. End Summary.

2. (SBU) All four of Panama's presidential candidates met privately with Special Envoy Reich and Ambassador Watt on January 22, accompanied either by their vice presidential running mates or their campaign managers.

#### Ricardo Martinelli

3. (SBU) Martinelli, accompanied by campaign manager Jimmy Papadimitriou, explained his stand for transparency and against corruption as the only way to increase jobs and investment and gave strong support to Amb. Reich's January 21 speech declaring that the United States would no longer issue visas to corrupt officials. (See Ref A.) Martinelli also repeated his theme that U.S. troops should return to Panama. Martinelli said he would run the GOP "like a business" and would work to convince Panama's people "to have faith in the system" because unfortunately the system is "guilty until proven innocent." According to Martinelli's own poll (conducted by Greenberg, one of President Clinton's pollsters), his campaign is currently in third place with 11%, ahead of Jose Miguel Aleman (7%), but trailing Torrijos (45%) and Endara (30%). He accused the PRD of "rigging" poll results that show Torrijos ahead with 49% and Martinelli last with 5%.

#### Martin Torrijos

4. (SBU) Torrijos promised a 100-day legislative marathon following his inauguration as president to pass laws to reform social security and encourage large-scale investment. He also promised to revitalize the government transparency law by eliminating President Moscoso's restrictive implementing decree, which effectively gutted the law. Torrijos hopes to conclude a bilateral commercial agreement with Colombia to lure Colombian capital and entrepreneurs to Panama. Torrijos noted that only the Democratic Revolutionary Party (PRD) has good relations with Cocle Province residents who are in the path of Canal expansion. Vice presidential candidate Samuel Lewis Navarro (Refs B and C) said the Torrijos campaign shared many U.S. concerns, such as security, counter-narcotics, and counter-terrorism. He pointed out that all three PRD candidates, including second VP candidate Ruben Arosemena, hold degrees from U.S. universities.

Jose Miguel Aleman

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15. (SBU) Shrugging off single-digit polling results, Arnulfista standard-bearer Aleman predicted a "final battle" between himself and Martin Torrijos. He declared himself surprised but pleased that the bilateral Free Trade Agreement has a good chance of becoming reality, a fact he attributed to the good relations between President Moscoso and President Bush. Aleman commented that "too many party people" are appointed at all levels throughout the government, which affects Panama's democracy. Aleman said he is on the street every day where he finds "much enthusiasm" for his campaign. He noted that the Arnulfistas are fielding some 1800 candidates and he predicted a clean electoral process. In the session with the other candidates, Aleman said that Panama's beef, rice, and sugar industries are "fragile" but employ many people (which is why Aleman and Endara, with their strength in the countryside, are more protectionist on trade).

Guillermo Endara

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16. (SBU) Endara's vice presidential running mate (and ex-schoolmate), Billy Ford, said the days of Panama's "special" U.S. relationship were over; what Panama now seeks are "excellent" relations with the United States. "Our government (1989-1994) never stole a dollar," Ford said, adding that it was about time Panama had a government that can convince people that it knows what it is doing. Endara promised to "do what we did before, but better" and recalled his close relations with former Ambassador Hinton, after the 1989 "Just Cause" invasion restored Endara as president. Endara expressed interest in working closely with the USG on security (see Ref D), adding that Panama has no capability to identify citizens or residents with links to international terrorist groups.

Luncheon With GOP/NGOs/private sector

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17. (SBU) Prior to meeting the four candidates, Amb. Watt hosted a luncheon for Special Envoy Reich at which the themes of government financial transparency, administrative reform and Canal bidding practices were discussed intensively. Several participants asserted that the state was in dire need of overhaul and modernization -- "Why should our civil servants be job hunting every five years?" they asked. (Note: Panama has no professional civil service. Government employment is subject to the "spoils" system, where the ruling party can appoint everyone from minister to postal clerk.) Canal Administrator Aleman Zubieta argued for a change in the Passenger Vessels Services Act (PVSA) that would allow Panama to serve as an embarkation point for cruise ships, and for a new public contracting law that would permit internet bidding like the system now used by the Canal Authority. Guests included embattled Controller General Alvin Weeden, Electoral Tribunal President Valdes, the Catholic Archbishop of Panama, Canal Administrator Aleman, Vice Foreign Minister Castrellon, and leaders from business, civil society, and the media.

WATT